

**INFORMATION TECHNOLOGY ADVISORY BOARD
MINUTES – August 22, 2006
COMMUNITY COLLEGES BOARD ROOM**

The Information Technology Advisory Board (ITAB) met August 22, 2006, at 10:30 a.m., in the Department of Community Colleges Board Room, Caswell Building, Raleigh. N.C. Secretary of Revenue, Norris Tolson, presided.

The following ITAB members were present:

Norris Tolson, Chair
Anne Bander (via conference call)
Joe Cooper
Lee Mandell
Thomas Miller
Renee High Martin
Robert McMahan
Dede Ramoneda (via conference call)
Steve Rao (via conference call)

The following ITAB members were absent:

Jim Anderson
John McCann

WELCOME/ADMINISTRATIVE MATTERS

Chair Norris Tolson welcomed the ITAB members and invited the audience to move up closer and take vacant seats at the table so that they could hear the proceedings clearer.

Upon a motion duly made by Lee Mandell and duly seconded, the board approved the minutes of its April 25, 2006, meeting.

State CIO George Bakolia announced that members of his staff and others would be presenting updates to the board on four key enterprise initiatives, IT Consolidation, Portfolio Management, Asset Management, and the Operational Excellence Program.

IT CONSOLIDATION STUDY

Jim Dolan, Office of State Budget and Management (OSBM), and Kathy Bromead, Information Technology Services (ITS), presented an overview of the IT Consolidation Pilot Project. Five pilot agencies participated in Phase I of the project: The Governor's Office, Lt. Governor's Office, Office of State Personnel, OSBM, and Department of Administration (DOA). As a part of the organizational realignment, all agency IT infrastructure FTEs have been realigned to report to ITS, and the DOA's IT application FTEs have been realigned to report to the DOA IT Manager. Ms. Bromead reviewed improvements (change management transitions) that will occur through this consolidation effort. The next phase of this pilot program is scheduled to begin in October 2006.

Following a discussion that included questions about efforts to measure customer satisfaction and the next agencies to be consolidated, Chair Tolson said that the initial consolidation study has proven to be successful and that Phase II is essential to carry out the mandate of Senate Bill 991.

ITS/DOA GOVERNANCE MODEL

Mr. Bakolia reported that DOA Secretary Britt Cobb and he have agreed to create a Business Account Manager position. This position, similar to those found in the private sector, would be in line with the business programs and be a person who could handle applications support.

PORTFOLIO MANAGEMENT

Jim Tulenko, IT Portfolio Manager, ITS Enterprise Solutions Office, reported on the status of the Portfolio Management Project. He described the three stages in the life cycle of Portfolio Management and how use of this tool will benefit state agencies in tracking their applications. The Portfolio Management tool will be used to submit agency IT plans due this October and to assist agencies in the submission of their IT Expansion Budget requests for FY 2007-2009. The approved Expansion Budget requests will create new projects that will be tracked through the PPM functionality. As these projects are completed, new applications will be created and the cycle repeated.

ASSET MANAGEMENT

Denny McGuire, Enterprise Project Manager, ITS Strategic Initiatives Office, reported on the status of the Asset Management Project. Ms. McGuire said that, after a management committee established by the State CIO in 2004 determined that current agency systems were not integrated and needed improvement, ITS began to look for a better way to manage the state's IT assets. It was also necessary to find a more efficient way to buy state PCs and other commodity items. Consolidation efforts and security concerns prompted the re-starting of the IT Asset Management Initiative. Ms. McGuire said that three core agencies—the Department of Transportation, Department of Correction, and Department of Health and Human Services—volunteered to assist in the effort. With their help, ITS is evaluating bids from vendors to negotiate the best solution for the state and develop an implementation approach. ITS and the five pilot agencies that were selected for the consolidation pilot are expected to be the initial agencies to use the tool.

IT INFRASTRUCTURE LIBRARY

Joe Lithgo, ITS Director for the Operational Excellence Program (OEP), reviewed the objectives of the program and defined the goals and progress achieved by embracing the teachings of the Information Technology Infrastructure Library (ITIL) philosophy. Mr. Lithgo said that ITIL is a framework for IT Service Management that provides consistent best practices and common language for core processes. In July ITS implemented new ITIL-based Change Management and Incident Management processes. There has already been an 18% improvement in the ratio of planned to unplanned changes, and a 60% improvement in change management process compliance compared to the previous month. Overall, ITS's ability to resolve incidents within their target timeframe has improved 45% since September 2005. To date, 347 ITS staff members and 178 staff members from state agencies have completed the ITIL Foundation Certification Training. Mr. Lithgo pointed out that the primary benefit of Foundation training was immersion in a common language and consistent definition of process activities. Thirty-six process design team members have completed ITIL Practitioner Certification. In addition, the OEP Program Director and the Business Relationship Management Director have achieved IT Service Manager's Certification. The program will next focus on MTTR (Mean Time to Repair) trends and ratio of urgent/emergency changes, agency

planning for process adoption, Service Level Management, and Problem Management.

It was noted by Joe Cooper that this endeavor represented a great level of commitment on the part of the state. Bill Willis agreed that this is a culture change and a great success story for ITS.

BEACON

State Controller Robert Powell presented a brief summary of the history of the conception of the *BEACON* project (“Building Enterprise Access for Core Operational Needs”). In 2002, the General Assembly requested a core business study by Deloitte Consulting of all state payroll and accounting systems and found they were not integrated. Mr. Powell added that some of the systems surveyed were 20-30 years old. When the results of the study were examined, OSC determined that an Enterprise Resource Planning (ERP) solution was necessary. The HR payroll system was determined to be the system at highest risk. At present, OSC handles 900,000 HR payroll transactions per month. OSC purchased SAP, and they are now in the process of putting in the HR payroll component. Joint sessions have been held with the agency payroll staffs. The first phase of this project will affect 80,000 employees. Mr. Powell stated that change management is essential. His office is also working with the State Employee’s Association (SEANC) and others in state government to get their buy-in. This project will replace PMIS, Central Payroll and the DOT payroll with one HR Payroll with one payroll system. Mr. Powell volunteered to return at a later meeting and give the board a more in-depth report. He asked that the board be aware that this is just one piece of the ERP, with more to come. Mr. Powell added that the infrastructure is now in place to move these systems out to the agencies. He asked for the board’s support when OSC goes before the General Assembly in the next legislative session. Mr. Bakolia confirmed that ITS will be hosting this application.

FUTURE AGENDA ITEMS

Dr. Mandell asked how these five major initiatives fit together in terms of benefiting the state. Mr. Bakolia said that they all converge and ITS will provide a picture of that convergence at a future meeting. Renee Martin requested that a future presentation to the board on customer and client relationships be considered by the Chair. Joe Cooper said he is still interested in seeing a master calendar.

NEXT MEETING

The next meeting of the ITAB will be held Tuesday, November 14, 2006, at 10:30 a.m., in the N.C. Community Colleges Board Room of the Caswell Building in Raleigh. The main subject for discussion will be the review of IT strategic plans.

ADJOURNMENT

The meeting adjourned at 12:30 pm.